

AMENDED IN ASSEMBLY FEBRUARY 27, 2006

AMENDED IN SENATE MAY 27, 2005

AMENDED IN SENATE MAY 3, 2005

AMENDED IN SENATE APRIL 13, 2005

SENATE BILL

No. 757

Introduced by Senator Kehoe
(Coauthor: Assembly Member Pavley)

February 22, 2005

An act to add Chapter 4.7 (commencing with Section 25370) to Division 15 of the Public Resources Code, relating to energy resources.

LEGISLATIVE COUNSEL'S DIGEST

SB 757, as amended, Kehoe. Oil Conservation, Efficiency, and Alternative Fuels Act.

Existing law requires the State Energy Resources Conservation and Development Commission to implement and administer various energy generation and conservation programs.

This bill would enact the Oil Conservation, Efficiency, and Alternative Fuels Act, which would declare that it is the policy of the state that state agencies shall take all cost-effective and technologically feasible actions needed to reduce the growth of petroleum consumption, and increase transportation energy *conservation*, efficiency, and the use of alternative fuels. The act would require state agencies to take the state's transportation energy goals into account in adopting rules and regulations, including the findings and recommendations of the commission in the Integrated Energy Policy Report.

The bill would require, no later than January 1, 2008, and every 3rd year thereafter, the California Environmental Protection Agency (Cal-EPA), with the assistance and consultation of the State Air Resources Board, the commission, the South Coast Air Quality Management District, and the Cal-EPA Environmental Justice Advisory Committee to submit to the Legislature an assessment of the transportation energy conservation, efficiency, and any alternative fuel policies adopted pursuant to the aforementioned provisions.

The bill would require the State Air Resources Board, in adopting or amending rules and regulations to reduce air pollution and toxic air contaminants from motor vehicle fuels, *consistent with the above-described policy declaration*, to consider requirements, incentives, and partnerships for ~~fleet operators, both public and private~~ *publicly administered fleets* to purchase and install alternative fuel vehicles and advanced transportation technologies, taking into account life cycle operating costs, public health, and environmental and energy benefits.

~~The bill would require the California Environmental Protection Agency Cal-EPA, not later than January 1, 2008, and annually thereafter, in consultation with the State Air Resources Board, the Department of Toxic Substances Control, the State Water Resources Control Board, and air quality management districts throughout the state, to develop and consider adoption of model rules, best practices guidelines, and pollution strategies to ensure that all petroleum refining, storage, waste treatment and disposal sources, irrespective of their date of original construction or installation, and to require installation of best available control technology and pollution prevention measures that reflect the best practices available for air and water pollution, and toxic generation over a 10-year phase in period not to extend beyond January 1, 2017. The bill would provide that this requirement does not supersede any local or state law, regulation, or rule that is more stringent than, or requires an earlier compliance date than that required by this requirement. Attorney General, the Cal-EPA Environmental Justice Advisory Committee, air pollution control districts and air quality management districts, and affected communities and industries to publish a report assessing specified violations of air pollution, water pollution, and hazardous waste regulations by each oil refinery in the state and the disposition of the violations, and containing specified information regarding the technological feasibility and community health benefits of~~

modernizing the state's oil refineries, fuels storage, and fuel transport systems, as specified. The bill would require that the report be posted on an Internet Web site that is generally accessible to the public, and would require Cal-EPA to provide copies to local governments in the areas where the refineries are located and to community groups and organizations that have requested a copy of the report.

The bill would require the commission to expand the scope of its oil industry price and supply reporting, monitoring, and analysis to include trends in world oil demand growth, including known and proven oil reserves. The bill would require the commission to refer to the Attorney General any cases in which the commission determines that there may be market abuse or unfair competition.

The bill would provide that nothing in the act authorizes the imposition of any tax or fee on consumers of petroleum for onroad use, or on petroleum producers.

The bill would require the Secretary of the Business, Transportation and Housing Agency, not later than March 31, ~~2007~~ 2008, in consultation with the Department of Finance, the Secretary ~~for~~ of the ~~California~~ Environmental Protection Agency, and the commission, to submit recommendations to the Governor and the Legislature regarding alternative revenue sources to supplement or replace ~~taxes on lost tax revenue from~~ gasoline and diesel fuel, which may be used to fund state investment in the state's transportation infrastructure, as provided.

~~The bill would require the California Environmental Protection Agency, not later than January 1, 2007, and every 3rd year thereafter, with the assistance and consultation of the State Air Resources Board, the commission, and the South Coast Air Quality Management District to adopt recommendations, policies, and programs, as appropriate, to reduce the rate of growth in petroleum consumption and increase transportation energy efficiency, and the use of alternative fuels, as specified.~~

The bill would require the secretary to take action intended to influence the United States Congress and Department of Transportation to double the combined fuel economy of cars and light trucks by 2020, including performing analyses and participating in forums that the secretary deems useful. The bill would require all state agencies to cooperate with the secretary concerning this action.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Chapter 4.7 (commencing with Section 25370) is added to Division 15 of the Public Resources Code, to read:

CHAPTER 4.7. OIL CONSERVATION, EFFICIENCY, AND
ALTERNATIVE FUELS ACT

25370. This section shall be known, and may be cited, as the Oil Conservation, Efficiency, and Alternative Fuels Act.

25371. The Legislature finds and declares all of the following:

(a) California's increasing demand for petroleum and rapidly growing consumption of gasoline and diesel fuel pose substantial risks to the state's economy and environment.

(b) Growing instability in global oil supplies and rapidly increasing demand in China, India, and throughout the world are likely to increase California's vulnerability to oil supply disruptions and sudden price increases.

(c) Aggressive pursuit of energy efficiency and conservation measures and expanded use of renewable energy sources have been shown to help stabilize energy supplies and lower costs to consumers during California's electricity crisis.

(d) California's current and future levels of oil demand and rapidly growing consumption of gasoline and diesel fuel far exceeds California's refinery capacity, which results in limited competition and abuses of market power by oil suppliers and refiners.

(e) Unless the state's rapid rate of growth in oil consumption and rising levels of consumption of imported oil and petroleum products are stabilized and gradually reduced, California is likely to continue to experience price spikes and supply disruptions, which will harm the state's economy and business climate.

(f) Cost-effective options exist today, including alternative fuels and advanced technologies, such as hybrid electric vehicles, which can lessen economic instability caused by high fuel prices and price spikes, while reducing risks to public health and environmental degradation caused by increased consumption of petroleum fuel.

1 (g) The commission and the State Air Resources Board have
2 determined that improving the fuel efficiency of new vehicles
3 would dramatically reduce petroleum demand and that the
4 efficiency of new cars and light trucks can be improved
5 significantly with existing and emerging automotive
6 technologies.

7 (h) Reducing the rate of growth in onroad petroleum
8 consumption; and increasing transportation energy—~~efficiency~~
9 *conservation and efficiency*, and the use of alternative fuels are
10 technologically feasible and cost-effective public policy
11 objectives, which will create new jobs, economic development,
12 and investment opportunities in alternative fuels and advanced
13 transportation technologies.

14 (i) Petroleum refineries are known sources of hazardous waste
15 and toxic air pollutants, as well as groundwater and soil
16 contamination, all of which are known to cause cancer,
17 developmental and reproductive problems, and respiratory
18 illness.

19 (j) Petroleum refinery workers and communities located in
20 close proximity to a petroleum refinery are particularly
21 vulnerable to the public health impacts associated with petroleum
22 refining, and the petroleum refining industry should take every
23 feasible measure to protect these exposed populations.

24 (k) The Governor, the Legislature, and state and local agencies
25 should make every effort to reduce the growth in oil demand and
26 increase transportation energy—~~efficiency~~ *conservation and*
27 *efficiency*, and the use of alternative fuels in California through
28 aggressive public education regarding the environmental and
29 economic risks caused by current and projected petroleum
30 consumption, through sustained commitment and public agency
31 procurement of energy efficiency and alternative transportation
32 fuels, and by promoting the modernization and installation of
33 best available technologies on California's oil refineries.

34 25372. (a) It is the policy of the State of California that state
35 agencies shall take every cost-effective and technologically
36 feasible action needed to reduce the growth of petroleum
37 consumption and to increase transportation energy—~~efficiency~~
38 *conservation and efficiency*, and the use of alternative fuels in
39 California. State agencies shall take the state's transportation
40 energy goals into account in adopting rules and regulations,

1 including the findings and recommendations of the commission
2 in the most recently adopted Integrated Energy Policy Report.

3 (b) For purposes of this section, “technologically feasible”
4 means capable of being successfully accomplished taking into
5 account environmental, economic, social, and technological
6 factors.

7 (c) (1) *No later than January 1, 2008, and every third year*
8 *thereafter, the California Environmental Protection Agency*
9 *(Cal-EPA), with the assistance and consultation of the State Air*
10 *Resources Board, the State Energy Resources Conservation and*
11 *Development Commission, the South Coast Air Quality*
12 *Management District, and the Cal-EPA Environmental Justice*
13 *Advisory Committee shall submit to the Legislature an*
14 *assessment of the transportation energy conservation, efficiency,*
15 *and any alternative fuel policies adopted pursuant to subdivision*
16 *(a).*

17 (2) *The assessment required pursuant to paragraph (1) shall*
18 *include information on the status of adopted policies, the*
19 *Integrated Energy Policy Report implementation, and alternative*
20 *fuel fleet procurement and infrastructure funding needs.*

21 (d) *The development and adoption of the recommendations,*
22 *policies, and programs required pursuant to subdivision (a) shall*
23 *also integrate existing air quality standards, including, but not*
24 *limited to, standards for particulates, criteria pollutants, toxic air*
25 *contaminants, and greenhouse gases, to ensure that*
26 *transportation energy conservation and efficiency strategies and*
27 *alternative fuels policies are consistent with the attainment and*
28 *maintenance of state and federal air quality standards.*

29 25373. In adopting or amending rules and regulations to
30 reduce air pollution and toxic air contaminants from motor
31 vehicle fuels, the State Air Resources Board, shall, *consistent*
32 *with the policy declaration in subdivision (a) of Section 25372,*
33 *consider requirements, incentives, and partnerships for—fleet*
34 *operators, both public and private, publicly administered fleets to*
35 *purchase and install alternative fuel vehicles and advanced*
36 *transportation technologies, taking into account life cycle*
37 *operating costs, public health, and environmental and energy*
38 *benefits.*

39 ~~25374. (a) The California Environmental Protection Agency,~~
40 ~~in consultation with the State Air Resources Board, the~~

1 Department of Toxic Substances Control, State Water Resources
2 Control Board, and air quality management districts, shall
3 develop and consider adoption of model rules, best practices
4 guidelines, and pollution prevention strategies to ensure that over
5 a specified 10-year phase-in period not extending beyond January
6 1, 2017, all petroleum refining, storage, and waste treatment and
7 disposal sources, irrespective of their date of original
8 construction or installation, install best available control
9 technology and pollution prevention measures that reflect the
10 best practices available for air and water pollution, and toxic
11 waste generation.

12 (b) The requirement of subdivision (a) shall not supersede any
13 other local or state law, regulation, or rule that is more stringent
14 than, or requires an earlier compliance date than that set forth in
15 subdivision (a).

16 25374. (a) Not later than January 1, 2008, and annually
17 thereafter, the California Environmental Protection Agency
18 (Cal-EPA), in consultation with the Attorney General, the
19 Cal-EPA Environmental Justice Advisory Committee, air
20 pollution control districts and air quality management districts,
21 and affected communities and industries shall publish a report
22 assessing the following:

23 (1) Violations of air pollution, water pollution, and hazardous
24 waste regulations by each oil refinery located in the state that
25 have occurred on or after January 1, 2007.

26 (2) Information regarding the disposition of the violations
27 identified in paragraph (1).

28 (3) The technological feasibility and community health
29 benefits of modernizing the state's oil refineries, fuels storage,
30 and fuel transport systems using best available control
31 technology to reduce or prevent violations of air pollution, toxic
32 air contaminants, hazardous waste generation and disposal, and
33 fugitive emissions, thereby reducing or preventing accidental
34 upsets, breakdowns, and worker injuries, and improving safety.

35 (b) The report proposed pursuant to subdivision (a) shall be
36 posted on an Internet Web site that is generally accessible to the
37 public, and Cal-EPA shall provide copies of the report to local
38 governments in the areas where the refineries are located, and to
39 community groups and organizations that have requested a copy
40 of the report.

1 25375. The commission shall expand the scope of its oil
2 industry price and supply reporting, monitoring, and analysis to
3 include trends in world oil demand growth, including known and
4 proven oil reserves. The commission shall refer to the Attorney
5 General any cases in which it determines that there may be
6 market abuse or unfair competition.

7 25376. *Nothing in this chapter authorizes the imposition of*
8 *any tax or fee on consumers of petroleum for onroad use, or on*
9 *petroleum refining producers.*

10 SEC. 2. Not later than March 31, ~~2007~~ 2008, the Secretary of
11 the Business, Transportation and Housing Agency, in
12 consultation with the Department of Finance, the Secretary of the
13 California Environmental Protection Agency, and the State
14 Energy Resources Conservation and Development Commission,
15 shall submit recommendations to the Governor and the
16 Legislature regarding alternative revenue sources to supplement
17 or replace ~~taxes on~~ *lost tax revenue from* gasoline and diesel fuel,
18 which may be used to fund state investment in the state's
19 transportation infrastructure. In developing the recommendations,
20 the secretaries shall evaluate the economic feasibility of
21 alternative financing measures, the potential to support needed
22 levels of investment in transportation infrastructure, and the
23 impact on social equity and mobility of low-income and
24 disadvantaged citizens. In addition, consideration of those
25 recommendations shall be given to determine the extent to which
26 they are compatible with existing state policies to reduce
27 petroleum consumption, accelerate the deployment of alternative
28 fuels, and achieve air quality standards and global warming
29 targets.

30 ~~SEC. 3. (a) Not later than January 1, 2007, and every third~~
31 ~~year thereafter, the California Environmental Protection Agency,~~
32 ~~with the assistance and consultation of the State Air Resources~~
33 ~~Board, the California Energy Commission, and the South Coast~~
34 ~~Air Quality Management District, shall adopt recommendations,~~
35 ~~policies, and programs, as appropriate, to reduce the rate of~~
36 ~~growth in petroleum consumption and increase transportation~~
37 ~~energy efficiency and the use of alternative fuels, and shall~~
38 ~~submit to the Legislature an assessment of the transportation~~
39 ~~energy efficiency and the alternative fuel policies adopted~~
40 ~~pursuant to subdivision (a) of Section 25372. The assessment~~

1 shall include the status of adopted policies, integrated energy
2 policy report implementation, and alternative fuel fleet
3 procurement and infrastructure funding needs.

4 (b) Development of the recommendations, policies, and
5 programs required pursuant to subdivision (a) shall integrate state
6 ambient air quality standards, including, but not limited to, those
7 for particulates, criteria pollutants, toxic air contaminants, and
8 greenhouse gases, to ensure that no transportation energy
9 efficiency strategies or alternative fuel policies are consistent
10 with attainment and maintenance of state and federal air quality
11 standards.

12 ~~SEC. 4.~~

13 *SEC. 3.* The Secretary for Environmental Protection shall
14 take action intended to influence *the* United States Congress and
15 the United States Department of Transportation to double the
16 combined fuel economy of cars and light trucks by 2020. That
17 action shall include, but not be limited to, performing analyses
18 and participating in forums that the secretary deems useful. All
19 state agencies shall cooperate with the secretary concerning this
20 action.